



USAID
FROM THE AMERICAN PEOPLE

U.S. Agency for International Development Results Report

July 2005

Introduction

It is my pleasure to present the U.S. Agency for International Development (USAID) 2005 Results Report to our employees and the American taxpayer. The Agency began a major business transformation in 2001 and with the help of the President's Management Agenda, we have made improvements in our management practices that have resulted in improved program results.

The President's National Security Strategy (2002) includes "defense", "diplomacy," *and* "development," as the three pillars of U.S. foreign policy. The success of USAID's mission is critical to U.S. national interest. USAID's work in the tsunami relief effort, HIV/AIDS and in Iraq and Afghanistan demonstrates how we bring health, hope and prosperity to millions of people in the developing world. Indeed, "development" is receiving a level of commitment not seen in many years.

To meet the unprecedented challenges of the new era, we are reshaping our operational procedures and business model to meet the challenges of working in the developing world. USAID is aggressively pursuing management reform through a number of initiatives that are overseen by the Business Transformation Executive Committee (BTEC), a group of USAID's career senior executives. The Agency's annual employee survey from 2001 – 2004 shows an overall increase of 30 percent customer satisfaction in management services because of business transformation improvements.

We are strengthening our workforce, improving program accountability, and modernizing our business systems to deliver aid when and where it's needed. We are standardizing and web-enabling our core business processes to reduce cost, make systems easier to use and enhance our ability to respond to emerging program needs and build a foundation of sound management and organizational excellence. We are also reaching out to new, non-traditional partners often using the Global Development Alliance model of public-private partnerships.

We have focused on five initiatives to guide the Agency's transformation:

- Realigning strategic frameworks to guide USAID's work in a post 9/11 world to better define and prioritize tasks in accordance with U.S. foreign policy needs Results to date include a comprehensive set of policy and operational documents: Foreign Aid in the National Interest Report (2002); the Agency's White Paper (2004); and the Principles for Development and Reconstruction Assistance (2005).
- Communicating our message to the world through new mission communications strategies and a branding campaign that has resulted in a new identity and logo: US AID from the American People.
- Developing new partnerships with non-traditional donors through the Global Development Assistance initiative – a new Agency business model.
- Modernizing our business systems.
- Helping to implement the President's 19 foreign aid initiatives and the reconstruction efforts in Iraq, Afghanistan and Sudan.

This report highlights USAID's most significant accomplishments aided by the management disciplines in the President's Management Agenda which are helping us consistently improve our program performance. While these achievements are indicators of a transformation to a results oriented culture, more remains to be done.

Frederick W. Schieck
Deputy Administrator & Chairman of the BTEC

Ensuring Programs Achieve Results

USAID manages programs directed at addressing a broad array of international issues facing the United States. These range from fighting the HIV/AIDS pandemic and sustaining key countries supporting the war on terrorism to bolstering democracy, the rule of law and good governance in countries important to U.S. national security. The growing global complexities underscore the need to use U.S. foreign assistance resources effectively. To that end, USAID is modernizing its business systems and effectively establishing management disciplines to consistently improve the results of our programs by focusing on the desired outcomes we hope to achieve.

With management reforms taking root and performance measurement improvements in place, we can report the following achievements:

- Instituted better contingency planning for Food Aid emergencies that arise late in a fiscal year, ensuring that needed funds are available to meet crisis needs when and where they can do the most good, regardless of the budget cycle.
- Integrated USAID HIV/AIDS programs with those of other federal agencies thereby ensuring greater cross agency collaboration and bringing consistency to budget allocations and program implementation.
- Achieved targets for the number of acres of lawful crops planted on former coca-production land in areas receiving USAID assistance as part of the Andean Counter Drug Initiative.
- Significantly enhanced physical security and/or emergency communications last year in a majority of USAID overseas missions that are not co-located with Embassies.
- Developed a Quarterly Management Reporting System to provide senior managers with performance information to inform resource allocation and management decisions. For the first time, senior managers have access to real-time performance information during budget preparation to ensure that the full and marginal costs of operations are taken into account when deciding on future Agency operations.
- The Development Credit Authority (DCA) portfolio grew 71% from FY '03 to FY '05 (from \$581million to \$993 million) in partial credit guarantees for private capital loans in developing countries to promote sustained economic growth and

poverty reduction. These guaranteed loans are available to micro, small and medium-sized businesses, farmers, and municipalities who would otherwise not have had access to financing.

- Over the past several years, USAID's International Disaster and Famine Assistance (IDFA) program has achieved an efficiency level of 100% in responding to disaster declarations within 72 hours.

President Bush has announced 19 international development initiatives that are implemented, in whole or in part, by USAID. Selected achievements pertaining to the Presidential Initiatives include:

- Under the [Afghanistan Road Initiative](#), the 300 mile Kabul-Kandahar highway was reconstructed. As a result, vehicles can now travel between Kabul and Kandahar in 5-6 hours compared with 30 hours which heavy vehicles had taken previously. People living near the highway enjoy better access to markets, healthcare, schools, and jobs. At the national level, the highway is having an impact on Afghanistan's economic growth, security, and national unity.
- Under the [Central American Free Trade Agreement initiative](#), nearly 48,000 farmers, micro-entrepreneurs, and small and medium-sized businesses received training that helped make their products and services more competitive in local, regional, and global markets.
- Under a [Clean Energy Initiative](#) program targeted at reducing energy use in municipal water systems, a Brazilian utility saved enough to connect 85,000 new customers to water and sanitation services; Mogale City, South Africa, realized an annual cost savings of \$800,000; and the water system in Veracruz, Mexico, saw a 22 percent energy efficiency improvement due to improved management of system pressure and reduced water loss.
- Under the [Trade for African Development and Enterprise initiative](#), the East and Central Africa Global Trade Competitiveness Hub (based in Nairobi, Kenya) organized three trade missions to the United States for handicrafts, gifts and textile and apparel manufacturers. Twenty-three companies from the region participated, resulting in exports of \$3.5 million to the United States.
- Under the [Water for the Poor Initiative](#), over 11,344,000 people in developing countries, including more than 1,759,000 in Iraq, have received improved access to clean water supply. Over 21,000,000, including more than 9,613,000 in Iraq, have received improved access to adequate sanitation since the onset of the initiative.

Enhancing Results through New Partnerships

The Agency is actively engaged in identifying and forging agreements with non-traditional partners.

The Global Development Alliance (GDA), created in 2001, fosters public-private partnerships that combine the Agency's international development expertise with the resources and innovations of the private sector. It brings significant new resources, ideas, technologies, and partners together to address development problems in the countries where we are represented. 286 public/private alliances in 65 countries have been created in the last three years. We have used \$1 billion in USAID resources to leverage over \$3 billion in alliance partner contributions. A new obligating instrument - the collaborative agreement - was created and became operational in FY 2005. This streamlined funding mechanism facilitates public-private alliances and provides an alternative to traditional grants mechanisms. The GDA provides benefits to both beneficiaries in the recipient countries and U.S. taxpayers because additional funding for development purposes is being attracted from the private sector.

Communicating our Message to the World

USAID recently launched a new "branding" campaign to ensure that the American people are recognized for the billions of dollars spent on foreign assistance. A new standard "identity" clearly communicates that our aid is from the American people, which will be translated in each country into local languages.

In July 2004 the Agency launched a program to provide communications training to overseas and Washington staff to improve our ability to tell how US foreign aid improves the lives of millions of people in the developing world. More than 80 development and outreach communications officers have been trained to improve public outreach and develop effective local messages to inform citizens of host countries of assistance provided by the American people.

Telling our story and publicizing our new branding have already had positive results. For example, public opinion of the U.S. greatly improved in Indonesia after communications and branding were effectively integrated into our tsunami response.

Transforming our Business Systems

For the first time in the Agency's history, we have a unified integrated financial management system. The new core accounting system, Phoenix, has been deployed to thirteen missions overseas. Phoenix is on schedule to be fully implemented by April 2006. The new system makes available timely and accurate financial information that facilitates program performance and measurement, and enhances decision-making.

In November 2005, Phoenix will be managed by the Department of State's Charleston Financial Service Center as part of the cooperative activities of the Joint Financial Management Systems (JFMS) project which will result in cost savings for both organizations.

We recently developed a prototype Executive Information System (EIS) - an Agency-wide automated reporting system that integrates program performance, budget, accounting and procurement information. The EIS facilitates data analysis and reporting and enables managers to obtain information from Agency data bases to make informed decisions and track program performance.

In the first quarter of fiscal year 2007 we plan to deploy a new procurement system in conjunction with the Department of State. When integrated with the Phoenix financial accounting system, the Agency will have a single system to handle procurement and financial accounting needs which will facilitate budgeting, planning, procurement and performance management. The State-USAID joint financial and procurement systems will be fully integrated and operational by the end of FY 2007.

The President's Management Agenda

USAID has made significant progress in adopting the new disciplines of the President's Management Agenda (PMA) and meeting its goals. The PMA is a government wide management-reform program, which aims to improve management in five areas: competitive sourcing, budget and performance integration, human capital management, e-government, and financial performance. The Office of Management and Budget (OMB) has identified these five management areas as most in need of improvement.

Each quarter, we receive assessments of our overall status in achieving the "standards for success"—management milestones for each of the initiatives. OMB uses a color-coded scorecard to grade us in these five areas. Green means success, yellow means mixed results, and red means serious flaws. OMB also measures the effort agencies put into their management reforms with “progress” scores.

In the four years since the Agency began implementing the goals of the PMA initiatives, we've gone from all red in status and progress to **green in progress in all five initiatives** and **yellow in status in three initiatives: budget and performance integration; expanding e-government; and human capital** (scores as of June 30, 2005).

With the commitment and sustained effort of management and employees, we are working toward achieving the goals of the PMA that will result in better management practices. Following is a summary of where we stand on each of the five PMA areas:

Strategic Management of Human Capital

The major workforce downsizing in the 1990s and continuing retirement as significant numbers of senior staff reach retirement age have seriously constrained the capacity of the agency to manage the growing programs for which we have been given responsibility. The Agency is taking steps to increase its flexibility and develop a “surge” capacity to respond to these new demands.

To address critical human resources needs, we established the Development Readiness Initiative (DRI), which builds on the State Department's Diplomatic Readiness Initiative. This is the second year of DRI implementation, the goal of which is to strengthen the workforce and rebuild the Agency's managerial capacity. In addition to increasing overall numbers, DRI is strengthening the Agency's capacity to respond to crises and emerging priorities, cover staffing gaps, fill critical vacancies, and provide appropriate training.

In accordance with our Human Capital Strategy which was completed in 2004, we have put in place the key tools for managing and increasing our workforce. We have strategies for ensuring that we are developing future leaders; we have identified skill gaps in critical occupations and are working to reduce or eliminate them. We have improved our performance evaluation systems -- 60 percent of our performance evaluation systems more clearly define what is expected of employees and how they are performing relative to those expectations.

Listed below are the **achievements** so far in FY 2005 in *getting the right people in the right place, doing the right work, at the right time, to pursue the US national interests abroad*

- **Developed a Workforce Planning Model (WPM) that identifies projected mission critical skill gaps** and aids the Agency to strategically realign its human resources. The WPM is integrated into the Agency's strategic budget process.
- **Reduced critical skill gaps, identified by the WPM, in the areas of Public Health and Contracting by:**
 - hiring 20 new Civil Service employees under the Contracting Specialist Intern Program (CSIP) in FY 2004, and in FY 2005, funding training and mentoring for these interns;
 - hiring 22 Foreign Service officers as contract specialists;
 - hiring 15 new FS Public Health employees;
 - receiving direct hire authority from the Office of Personnel Management (OPM) for positions in the Public Health sector at the GS 13 to GS 15 levels;
 - receiving direct hire authority from OPM for Contract Officers at the GS 11 to GS 13 levels; and
 - launching a pilot Student Loan Repayment Program targeted to candidates in Public Health and Contracting occupations.

Additional human capital achievements:

- **Established a Foreign Service Limited hiring program by legislation in 2004 that is** reducing payments for overhead costs paid to other agencies/private sector firms for contracted staff. By hiring non career Foreign Service Officers we expect to save \$2 million in FY '06 and approximately \$10 million by the end of FY '07.
- **Created and implemented a Surge Roster to meet critical short-term staffing needs.** The roster includes recent retirees and other experienced personnel that are available for

various types of short-term assignments. To date, we have covered over 30 positions, mostly overseas, with people from this roster.

- **Continued to streamline the Civil Service recruitment process so that vacancies are filled more quickly.** We are currently making offers to job applicants within 36 days of the close of job announcements.
- **Developing progressive training for mission critical functions** (e.g., Project Management; Program Planning; and Cognizant Technical Officer Certification). Professional growth of employees contributes directly to Agency and program success.
- Developed a continuum of **training opportunities to address leadership succession** that includes the following:
 - Supervision Skills training. Over 600 employees have completed this training.
 - Leadership training. Over 250 employees completed leadership training during FY 2004. An additional 166 employees have completed this training so far in 2005. This is a 3-tiered leadership training program through our partnership with the Federal Executive Institute.
- Developed **training programs to strengthen employee skills** that include the following:
 - E-Learning. Over 1,800 employees accessed nearly 4000 courses on the Agency's intranet as of May 2005 - nearly triple last year's employee use. The eLearning program consists of a comprehensive catalog of on-line courses.
 - English Language Training. Over 1000 Foreign Service Nationals are enrolled in the English as a Second Language (ESL) program as of May 2005 - a significant increase over 2004 when 150 FSNs first enrolled in the program. This program was launched in recognition of the fact that English language capability is one of the key factors for career advancement for FSNs (the agency's largest employee group).
- **Conducted an external evaluation of our diversity profile and developed recommendations for further action.** We have developed a diversity plan and set up an Executive Diversity Council to oversee implementation of recommendations to advance the Agency's diversity goals. The Agency expanded recruitment outreach in FY 2005 to attract more diverse candidates to Agency jobs.
- **Completed Headquarters to Field Alignment Study.** The study recommendations provide a roadmap for critical next steps for determining optimal staff allocations for headquarters and field units.

Our knowledge management strategy complements the human capital strategy. The main goals are to link development knowledge across the Agency and to codify knowledge through the use of the intranet, shared networks, communities of practice and best practices.

Key achievements include:

- **Establishment of “communities of practice”** for groups procurement services, administrative services and specific development programs. Communities of practice are groups of professionals who meet either via the Internet or in person to share ideas, insights and information; help each other solve problems; educate new staff; and obtain knowledge and experience from senior members who are subject matter experts.
- Provision of **staff training on After Action Reviews (AAR)** to improve performance results. By developing action-oriented recommendations for managers, AAR supports rapid program improvements at minimal cost to the Agency. A recent example includes an AAR on emergency response which generated a change in policy and provision of new life-saving medical equipment.

Competitive Sourcing

USAID is aligning competitive sourcing (CS) with human capital management to reduce competency and skill gaps. We have been working to apply competition to Agency activities that are commercial in nature to help improve mission performance and reduce costs. The CS process is a powerful mechanism which prompts critical re-examinations of how internal functions are performed.

We approach competitive sourcing as a business proposition to determine if cost savings or productivity improvements could result by investing in the competitive sourcing process. Achieving consensus about CS activities is a top priority in the Agency. As a result, the Agency has:

- Ensured management support by designating the Assistant Administrator for Management as the Agency’s Competitive Sourcing Official.
- Established a senior level Competitive Sourcing Committee to work closely with the BTEC in determining appropriate positions for competition.
- Heightened awareness of the CS initiative through a Competitive Sourcing Strategy that is posted on the Agency’s CS website.
- Nominated positions identified as commercial for validation as suitable for public-private competition. The Agency’s competition could be undertaken in early FY ‘06.
- Developed a PMA “yellow” plan which outlines proposed reviews of Agency positions that are commercial in nature to be completed over 3 fiscal years. The Agency will consider internal business process improvement initiatives for those commercial activities that are not cost-effective for public-private competitions.

Improved Financial Performance

Our financial management goals include improving accountability through audited financial statements; strengthening management controls; and implementing financial systems that produce timely and accurate, financial information to manage costs and enhance decision-making about resources.

Significant milestones have been achieved since August 2004:

- For the second consecutive year, we have **received an unqualified opinion from the Inspector General** on our annual financial statements. This means that our financial statements present fairly the financial position and the cash flows of the Agency in accordance with generally accepted accounting principles.
- **Reduced auditor identified material weaknesses** from 7 in 2002 to 1 in 2004.
- For the second year in a row, **we met the accelerated financial reporting deadline of November 15, 2004, 45 days after the close of the fiscal year**. An important building block that enabled us to close the books earlier is the preparation of interim quarterly financial statements which we continue to produce on time.
- As of March 2005, we have acted on 351 financial management recommendations with **planned recoveries and efficiencies totaling over \$6.5 million**; completed final action on 255 audit recommendations, **including \$2.2 million in collections and efficiency savings**; and only 3 percent of audit recommendations over a year old are still open – the best record ever for the Agency.
- **Reduced interest penalties** due to the late payment of invoices from \$158,000 in FY01 to \$3,045 in FY 04, a 98% improvement over 3 years. Currently, 99% of payments are made in a timely manner in accordance with the Prompt Payment Act.
- Introduced an **electronic solution for reconciling, posting and paying** purchase and corporate invoices. Benefits included closing a 2002 IG audit recommendation and maximizing Agency rebates (in FY ‘02 received rebates of \$3,850; FY ‘04 rebates of \$20,212; and expected FY ‘05 rebates in excess of \$50,000).
- Successfully **implemented Phoenix, the new core financial management system**, at eight overseas missions in Latin America and the Caribbean (LAC) – Bolivia, Dominican Republic, El Salvador, Guatemala, Haiti, Honduras, Jamaica, and Nicaragua. This is in addition to the 5 pilot locations already using Phoenix – Colombia, Egypt, Ghana, Nigeria, and Peru. Phoenix provides real-time data, which allows the missions to make more informed financial management decisions. Phoenix also allows for more standardized business processes across the Agency and aligns the budget to strategic objectives, not project codes. Upon the successful completion and implementation of Phoenix, our unified accounting system will be regulatory compliant and meet the standards for success for a green status score in the PMA. We plan to complete worldwide deployment of the system by the second quarter of fiscal year 2006.
- We continue to report **no chronic or significant Anti-Deficiency Act Violations** which means that we’re not obligating government funds that are not available.

Expanded eGovernment

Information technology goals include ensuring accurate and timely information is available to citizens and Agency decision makers. We are meeting our goals by participating in cross agency eGov initiatives, by effectively monitoring our IT investments, and by putting in place effective security tools and procedures for our IT systems.

E-Gov Initiatives

We continue to expand the availability of electronic services through our participation in 9 of 25 eGovernment initiatives. The purpose of the eGov projects is to eliminate redundant systems and allow citizens and businesses to access federal agencies through Web sites. The initiatives, which are sponsored by individual agencies, receive few congressional dollars and instead rely on a variety of funding methods, including receiving money from participating agencies and collecting fees for service.

Our e-Gov goals include maintaining on-going participation in ePayroll and eRecruitment; continuing to implement eGov projects such as eTravel with our partner, the Department of State; and developing plans for future eGov solutions such as eRecords an initiative led by the National Archives and Records Administration.

Our eGov achievements include:

- **ePayroll** - For the past five years, we have outsourced our payroll function to the National Finance Center - one of four Federal payroll centers. This outsourcing via the ePayroll initiative has resulted in annual Agency savings of an estimated \$300,000.
- **eRecruitment** - For the third consecutive year, the Agency has employed a web tool for advertisement of positions that allows applicants to apply for jobs via the Internet. The eRecruitment initiative interfaces with OPM's USAJobs which advertises openings across the entire federal government. As a result the hiring process has become streamlined, more efficient and faster.
- **eTravel** provides employees with a web-enabled travel management system. This tool enables staff to make travel reservations on-line via the Internet in a paperless, fast and efficient manner, with greatly reduced administrative costs. Pilots have been conducted in overseas missions in Kiev and Almaty and training was provided in Washington, Kiev, Bangkok, and South Africa. Full implementation is expected by FY '07 when our legacy travel system will be shut down and cost savings will start accruing.
- **eGrants** is an on-line web tool that allows users to search for and apply for federal grants. We have tested eGrants in the past year in missions in Central America and Africa. Training has commenced, and full deployment is planned by FY '07. When implemented, donors and recipients will be able to administer their respective grants remotely resulting in enormous cost savings.

- **eClearance**, a tool for security clearance background checks, has automated the security process allowing access to security clearance forms online via the web. Features of the web tool allow the Agency's Security Office to share the information with investigators as well as with the Office of Personnel Management. We have piloted this tool and it will be deployed initially to employees required to update clearances and then to new applicants. The Agency goal is to interface with OPM by FY '06.
- **eAuthentication**, an Internet security tool, has been successfully piloted. It enables a paperless process and is Internet accessible anywhere in the world by those gaining clearances, issuing clearances, and investigating clearances. The target date for implementation is FY '07.
- **eRecords** will enable Agency employees to archive documents worldwide through a paperless web-tool. We are an active participant in this initiative which is headed by the National Archives and Records Administration (NARA). Currently we have completed a migration plan that calls for full implementation of electronic archiving to NARA standards by FY '09.

Consolidating agencies' business operations--which OMB calls its "lines of business" initiative--is an attempt to redefine how the federal government works and how agencies' management systems can be merged into super service centers. We are currently in the process of aligning our eGov activities under the appropriate Line of Business for financial management, human resources and grants consistent with government-wide solutions to reduce duplication and streamline common administrative functions across agencies.

Earned Value Management (EVM)

EVM is a practice that tracks money spent versus progress made on a project. It is used by the Agency as a performance indicator to evaluate return on value for information technology projects from project initiation to project close-out. EVM benefits USAID because project problems can be defined and resolved early and at less expense.

Achievements:

- **Provided key information enabling delivery of the Phoenix financial system on time and with budget** to the pilot missions in August 2004, the LAC Region in February of 2005, and a web-based upgrade of the Phoenix system in June of 2005. Current EVM performance indicates that overseas deployment of Phoenix will be rolled out on time and within budget to the remaining regions by June 2006.
- Provided key information for a management decision to **revise baseline performance measures** for the Agency's new procurement system project in March 2005.

Securing our Information Technology (IT) Systems

Achievements:

- **100 percent of USAID's IT systems are secure** versus less than 50% percent three years ago.
- **We were ranked A+ on computer security** by a federal report card released in March 2005 and were the only federal agency to get the highest mark.

Budget and Performance Integration

The Agency has instituted a number of significant reforms in its budgeting processes to ensure that performance information and performance results are important factors in the budget review process. These are:

- **Development of a Strategic Budgeting Model that compares costs of strategic objectives and performance submissions** from headquarters and field missions' annual report data;
- **Preparation of the first ever Joint Performance Plan between USAID and the Department of State** that describes the resource allocation requirements and the performance targets for both agencies; and
- Modification of the structure of the **Agency Budget Submission to integrate performance information into the budget** request.

These reforms are directed at integrating financial and performance information to facilitate management of Agency programs.

We have begun to systematically assess programs to identify opportunities for improving effectiveness. To date, more than 80 percent of the Agency's programs have been assessed. Of these, 72 percent have defined, clear outcome goals to measure results and 100 percent have efficiency measures in place to manage costs. For each program assessed, we are identifying areas where performance could be improved and taking the necessary actions to achieve better results.

Examples of outcome goals include:

- Number of people in target areas with improved access to adequate safe water supply and/or sanitation that meets sustainability standards;
- Ten year improvement in the Under Age 5 Mortality Rate in USAID Presence Countries.
- HIV Prevalence Rate lowered in USAID Presence Countries;
- Primary education completion rates raised – countrywide; and
- Increased number of employees with performance appraisal plans that link to agency mission, goals and outcomes, and that hold employees accountable for results appropriate to their responsibility level and based on performance.

We are making sure our program dollars are spent as intended. For example, significant strides have been made in our ability to aggregate and report on program performance results; previously, USAID's mission-related programs encompassed over 700 individual strategic objectives which greatly complicated the task of compiling and performing trend analyses. By implementing a strategic reporting system built around 40 standard Program Components in nine Program Areas, the Agency has greatly streamlined and improved its ability to report results in a transparent, user-friendly format. Our FY 2004 Performance and Accountability Report (PAR) was ranked ninth by George Mason University's Mercatus Center and was cited as the most improved report. This represents a 54 percent increase from 21st place in FY 2003 to 9th Place in FY 2004 and places the Agency in the top ten for the first time Since FY 2000. The PAR is rated on its demonstrated ability to provide the public with a transparent mechanism about an agency's program performance and level of financial management accountability. Additional rating criteria include public benefit and forward looking leadership.

Faith-Based and Community Initiative

USAID is a participant in the Faith-based and Community Initiative, one of eight PMA initiatives that is program-specific. In the quarter ending June 30th, we received a yellow status score and green progress score. The purpose of this initiative is to *ensure that faith-based and community organizations have the same access to federal grants as other organizations.*

The Center for Faith-Based and Community Initiatives at USAID is responsible for: identifying and removing legal and policy obstacles or barriers that faith-based and community organizations encounter when competing for federal funds; creating and implementing policy changes in order to ensure equal access to funding; educating staff in Washington and in the field about the Faith-Based and Community Initiative (FBCI); and reaching out to faith-based and community organizations to encourage them to compete for USAID funding.

FBCI achievements include:

- Published a regulation to allow faith-based organizations to compete on an equal footing with other organizations for USAID development assistance funds.
- Faith-based organizations successfully competed for over \$500 million in development assistance funds since the beginning of FY 2005.
- Developed an email list of over 1,300 subscribers that is used to send out information about funding opportunities, upcoming conferences, and other items of interest.

Conclusion

To address significant management challenges and improve our accountability to the American taxpayer, the Agency will continue to modernize its business systems and support joint State-USAID goals for information technology management. Joint procurement and financial management systems will serve both organizations' needs and improve program accountability as will our efforts to better integrate budgeting and performance information.

As we continue to implement the initiatives described in this report, we will focus more heavily on enhancements to our internal business model, our delivery systems for assistance; the collection, storage and analysis of data on our programs; and on how we manage information. These activities will further improve program performance and management effectiveness while we deliver on the goal of spending the taxpayer's money more effectively every year.